

AUTHORIZATION REQUEST FOR FY 2012

AR Title: MIDDLE EAST PROMOTIONAL CAMPAIGN

Name of Contractor: U.S. Meat Export Federation

CBB Budget Component: Foreign Marketing

I. OVERVIEW

A. AR Description: This Authorization Request describes USMEF's marketing plan for the Middle East, with a focus on increasing demand for U.S. beef in the HRI, retail and processing sectors and improving consumer perceptions primarily in Saudi Arabia, the UAE, Egypt, Bahrain, Jordan, Kuwait and Lebanon.

In 2010, U.S. beef plus variety meat exports to the Middle East region increased 36 percent in volume to 134,510 mt, and 77 percent in value to \$261.2 million – a new record. This surge was due to the tremendous increase in muscle cut exports to the region. While variety meat exports grew 19 percent in volume and 40 percent in value, muscle cut volume increased 87 percent, with value jumping 113 percent.

With ongoing changes in consumer attitudes towards food consumption and healthy lifestyles, and ever increasing price consciousness and competitor aggressiveness, a more consumer-oriented focus has been implemented to help maintain U.S. beef's visibility and make it the favorite choice for consumers. The presence of U.S. beef in retail is now well-established in parts of the UAE and Lebanon, and USMEF is making steady progress in Saudi Arabia, Kuwait and Egypt. New steakhouses and international food franchises are popping up in the region, offering growing opportunities to increase the number of HRI outlets that incorporate U.S. beef onto their menus. Chefs in the region are hungry for knowledge, and their techniques and execution now rival some of the best in the world. USMEF has started working with young chefs in particular to cultivate this group of future decision makers. USMEF's current strategies to further develop the market include the following:

- Build the image of U.S. beef among Middle Eastern HRI customers and the tourist industry as the premier beef available and expand the number of HRI outlets which incorporate U.S. beef onto their menus by demonstrating the high profit potential and safety inherent in U.S. beef products.
- Increase demand for underutilized cuts and end meats in the HRI, retail and processing sectors by improving product perception and establishing acceptance of the profitability and applications.
- Establish new distribution links for U.S. beef to further access the retail sector and build product loyalty among targeted end-users and improve consumer perceptions and demand.
- New opportunities include foodservice/retail expansion in the region.

Export forecasts for 2011 and 2012 are 140,000 mt valued at \$301,500,000, and 147,000 mt valued at \$323,714,700, respectively.

B. Costs Requested from this AR*: \$238,895

Source of Funding	Total Costs	Direct Costs	Implementation**
Beef Board/BPOC	\$ 171,718	\$ 171,718	
Federation of SBCs (FSBCs)	\$ 67,177	\$ 67,177	
Other Sources (<i>describe</i>)			
Total Funds Requested	\$ 238,895	\$ 238,895	

* Only Direct Costs are being requested in this AR

Total estimated Implementation for this AR is \$34,148; implementation by Tactic in Table IV.

** Implementation for this and other FOREIGN MARKETS ARs requested in separate AR FM-13-2012.

C. Start date: 10/1/2011

Completion date: 9/30/2012

II. PLANNING INFORMATION FOR THIS AR

A. Long Range Plan Core Strategies/Strategic Initiatives Addressed by This AR:
 Capitalize on global growth opportunities

B. Committee That Reviewed This AR: Joint International Markets Committee

C. Committee Recommendations for This AR: The Joint International Markets Committee recommends this AR to the Operating Committee for funding in FY 2012.

III. PROGRAM INFORMATION FOR THIS AR

A. Strategy 1: International Marketing – Middle East

Strategy 1 Proposed Direct Cost: \$238,895

Specific Tactic Information:

Tactic 1A: Market Development –

- a) Reassure buyers of the safety inspection measures and safeguards applied in the U.S. and of the premium value of U.S. beef to retain current buyers and assist them to improve their activities with U.S. beef products;
- b) Expand the market by demonstrating the variety of U.S. beef and beef variety meat available and build the image of U.S. beef as the premier beef among new targeted buyers in all market segments.

Trade Servicing: USMEF will conduct regular meetings with buyers to retain their confidence and loyalty and to provide technical information and assistance on new U.S. beef products. USMEF will also identify potential importers and distributors, alleviate their safety and supply concerns, and increase their knowledge of U.S. beef. This will be accomplished through

one-on-one meetings and follow-up contacts, and by providing direct links with U.S. suppliers.

Technical Assistance & Support: Importers, hotels, restaurants and retailers will be provided with assistance and materials to keep target accounts updated and fully equipped with product information and marketing tools. This activity will also provide support to U.S. suppliers active in the Middle East region or interested in doing business with Middle Eastern buyers.

Trade Shows: USMEF will participate in regional food and trade exhibitions, such as Gulfood in the UAE, HORECA in Lebanon and other relevant shows, to give U.S. beef broader exposure, showcase the products to buyers from all over the region, generate trade leads, and create positive impressions about the safety, quality, versatility and premium value of U.S. beef.

Trade Education: USMEF will present and thoroughly explain U.S. beef's safety, diversity and profitability to decision makers through desk side seminars/workshops and discussions of future activities. Educational materials and merchandising/menuing techniques will be provided to target accounts. Ten seminars are planned.

Communications: HRI magazines and consumer publications will be used to facilitate direct communication with USMEF's target audience and will augment product exposure and visibility, increase confidence in U.S. beef safety, create an overall positive image and encourage diners to indulge in exquisite high quality beef from the U.S. Additionally, USMEF will publish innovative recipe ideas in the kitchen sections of popular monthlies to encourage housewives and career women to cook with U.S. beef. At least 15 recipe ideas will be published.

Promotions: USMEF will work with food service operators and retailers to reinforce the U.S. beef safety message, present the range of products available, demonstrate U.S. beef's premium value, and launch new product initiatives. USMEF will also continue its merchandising campaign by targeting the wholesale/wet market and traditional Egyptian restaurants. The activity will enhance the recognition and awareness of the safety and quality of U.S. beef livers while also promoting other beef variety meats, namely kidneys and hearts. Promotions, tasting demonstrations, themed events and HRI seminars will increase the visibility of U.S. beef, and USMEF will produce and distribute POS materials to enhance awareness, product knowledge and purchase intentions. USMEF will continue to involve American Beef Club members in all HRI promotional activities and will highlight them as establishments serving U.S. beef. USMEF will maintain and improve the culinary prestige of U.S. beef in the region through corporate membership in the Emirates Culinary Guild. U.S. beef will benefit from the promotional events organized by the Guild. Twenty-five HRI promotional activities at 5 outlets and 49 retail promotional activities at 15 outlets are planned.

- **Measurable objectives:**
 - 37% of targeted importers/distributors will have a favorable attitude toward U.S. beef/bvm based on information provided by USMEF.
 - 56% of targeted HRI buyers will regularly purchase U.S. beef/bvm.
 - 22% of targeted fine dining and casual family-style restaurants/chains will have held a U.S. beef promotion or used menu promotional materials.
 - 38% of targeted retail chains will identify the origin of U.S. beef/bvm and actively participate in USMEF promotions.
 - 8 targeted media will report favorably on U.S. beef and incorporate recommended key message points.

- **Proposed Direct Cost:** \$236,895

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the Middle East, build and reinforce the region’s confidence in the U.S. industry as a producer and exporter of beef, and keep the U.S. industry informed on critical changes in Middle East government requirements and emerging consumer issues. Noteworthy Issues include BSE-related restrictions on U.S. beef imports in some key markets.

USMEF will carry out Issue Monitoring, Analysis & Reporting, Government & External Relations and Technical Support as described in the Prologue section. Additionally, USMEF will use specialized communications to provide factual and scientific information to key media to help pave the way for more positive media coverage and publicity for U.S. beef.

- **Measurable objectives:**
 - USMEF will contribute to and support initiatives to eliminate trade restrictive policies.
 - USMEF will provide factual information to help improve Middle Eastern confidence in the U.S. beef industry.
 - 80% of USMEF members report that they receive the information they need from USMEF related to market access issues.

- **Proposed Direct Cost:** \$2,000

IV. DETAILED BUDGET SUMMARY

Strategy and Tactic	Program Manager	Completion Date	Total FY 2012 Est. Budget	Total Direct Cost	Direct Cost by Funding Source			Est. Impl.
					CBB/BPOC	FSBCs	Other	
Market Development	USMEF	9/30/12	\$ 269,336	\$ 236,895	\$ 170,280	\$ 66,615		\$ 32,441
Market Access	USMEF	9/30/12	\$ 3,707	\$ 2,000	\$ 1,438	\$ 562		\$ 1,707
Middle East Total			\$ 273,043	\$ 238,895	\$ 171,718	\$ 67,177		\$ 34,148
AR Totals			\$ 273,043	\$ 238,895	\$ 171,718	\$ 67,177		\$ 34,148

V. SUPPLEMENTAL INFORMATION

A. Will all of the work detailed in this AR be completed by the end of the fiscal year? If not, please provide an explanation?

- The objectives are expected to be achieved, though they are part of longer term strategies which will continue into the next fiscal year.

B. Changes from FY 2011 Approved AR:

- There are no major strategic changes in this AR.

C. Subcontractor information:

- Name of proposed subcontractors:**

Arab Marketing & Finance, Inc.	Regional Consultant
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- Subcontractors are selected using USMEF competitive bidding and vendor selection policies and procedures that include bidding all contracts greater than \$25,000 at least every three years. Selection is based on qualifications and reasonableness of cost for similar services.

D. Identify any relationships between this AR and projects previously funded by the Operating Committee:

- This AR is a continuation of the strategy and tactics currently underway.

E. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY 2011 Approved Budgets			FY 2011 Actual Expenses (NCBA's as of 5/31/11)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Market Development	\$147,559	\$42,832	\$190,391	\$ 7,629	\$ 3,958	\$ 11,587
Market Access	\$988	\$512	\$1,500			
AR Totals	\$48,547	\$43,344	\$191,891	\$ 7,629	\$ 3,958	\$ 11,587

F. Historical Summary of Budgets and Expenses:

	Total Approved Budgets			Total Actual Expenses		
	FY 2010	FY 2009	FY 2008	FY 2010	FY 2009	FY 2008
Middle East	\$111,460	\$120,000	\$136,000	\$111,427	\$118,858	\$135,930
AR Totals	\$111,460	\$120,000	\$136,000	\$111,427	\$118,858	\$ 135,930